



QP CODE: 23123630

Reg No :

Name :

B.COM DEGREE (CBCS) REGULAR EXAMINATIONS, MAY 2023

Fourth Semester

Core Course - CO4CRT11 - CORPORATE ACCOUNTING II

(Common for all B.Com Degree Programmes)

For Regular Candidates : 2021 Admission Only

For Private Candidates : 2017 Admission Onwards

C1561FCF

Time: 3 Hours

Max. Marks : 80

*Instructions to Private candidates only: This question paper contains **two sections**. Answer **SECTION I** questions in the answer-book provided. **SECTION II**, Internal examination questions must be answered in the question paper itself. Follow the detailed instructions given under **SECTION II***

Part A

Answer any **ten** questions.

Each question carries **2** marks.

1. What is Life Insurance?
2. What is reinsurance premium accepted?
3. What is consideration for annuity granted?
4. What do you mean by statutory reserve of a Banking Company?
5. Give any four examples of Schedule 14 of bank's final accounts.
6. What is alteration of share capital?
7. What is capital reduction account?
8. What do you mean by Amalgamation in the nature of purchase?
9. Explain the meaning of External Reconstruction.
10. What is the major difference between Absorption and Amalgamation?
11. What do you mean by winding up under the supervision of Court?
12. Who is a Contributory?

(10×2=20)



Part B

Answer any **six** questions.

Each question carries **5** marks.

13. From the following information, calculate the amount of claim to be debited in the revenue account. Also give journal entries.

Claims paid during the year	Rs. 32,00,000.
Claims outstanding at the beginning of the year	Rs. 1,60,000.
Reinsurance claim	Rs. 1,80,000.
Expense on claim	Rs. 30,000.
Claim intimated and accepted but not paid at the end of the year	Rs. 1,20,000.
Claim intimated but not accepted at the end of the year	Rs. 90,000.

14. What is bonus in reduction of premium? Explain the treatment of bonus in reduction of premium in revenue account.
15. From the following information, find out the amount of provision to be shown in the Profit and Loss account of a commercial bank:

Classification of assets	Rs (in lakhs)
Standard assets	8,000
Sub standard assets (value of security Rs 5,000 lakhs)	6,000
Doubtful assets (fully secured);	
For one year	1,000
For three year	1,600
For more than three year	400
Loss assets	1,200

16. What is internal reconstruction? Explain the procedure for internal reconstruction.
17. A public Ltd. Co. passed necessary resolution and received the sanction of the court for reduction of capital by Rs. 5,00,000. The company decided to:
- a) Write off the losses of Rs. 2,10,000, plant and machinery Rs. 90,000, goodwill Rs. 40,000, and investment Rs. 8,000.
- b) The reduction was made by converting 50,000 preference shares of Rs. 20 each fully paid to the same number of shares of Rs. 15 each fully paid and 50,000 equity shares of Rs. 10 each fully paid to the same number of shares of Rs. 5 each fully paid. Prepare capital reduction account.
18. Make a note on AS - 14 and its components.
19. Given below the extracts of the Balance Sheet of STD Ltd. as at 31.03.2018.



Particulars	Amount (Rs)
Equity Share Capital of Rs 10 each	50,000
10% Preference Share Capital	15,000
15% Debentures	8,000
Trade payables	9,000
Reserves and Surplus	28,000
Assets	48,000
Intangible Assets	22,000
Inventory	20,000
Receivables	11,000
Cash Equivalents	9,000

Manj Ltd. agrees to take over STD Ltd. Calculate Purchase consideration on the basis of the information such as Good will is revalued at Rs 15,000/-, Assets are valued at Rs 55,000/-, Inventories revalued at Rs 14,000/- and the receivables at book value. STD Ltd. takes over the cash balances and agree to assume the liability of trade payables at Rs 5,000/-.

20. Akash Ltd. and Bosh Ltd. doing the same business agree to amalgamate as from 1st January 2019 on which date the Balance Sheet of Akash Ltd. was as follows

Particulars	Amount
Equities and Liabilities	
1. Share holders fund	
Share capital	200000
Reserve and surplus	30000
2. Current Liabilities	
Creditors	220000
Total	450000
Assets	
1. Non Current Assets	
Land & Building	200000
Machinery	50000



2. Current Assets	
Stock	120000
Cash	80000
Total	450000

A new company AB Ltd. is formed. You are requested to pass the journal entries to close the accounts of Akash Ltd. assuming that the purchase consideration is fixed at Rs 1,50,000/-

21. Distinction between Liquidation and Insolvency.

(6×5=30)

Part C

Answer any **two** questions.

Each question carries **15** marks.

22. The following balances appeared in the books of LIC after the preparation of revenue account for the year ended 31.3.2019

	Rs.000
Share capital: 1,00,000 equity shares of Rs.10 each	1000
Life Assurance Fund as on 01.04.2018	7500
House property at cost (including Rs.1lakh added during the year)	2500
Furniture and office equipment (including Rs.50,000 bought during the year)	1000
Bank loan	1000
Cash in hand	250
Cash with bank in current account	1,850
Stock of stationery	10
Advance payment of income tax	100
Deposit with electricity company	20
Surplus in revenue account for the year	2400
Sundry debtors	20
Agents balance (Dr.)	50
Credit balance pending adjustments	15
Sundry creditors	250
Contingency reserve	300
Loan on company policies	2500
Outstanding expenses	12
Depreciation reserves:	
Furniture and equipment	25
Building	125
	150



Premium outstanding	16
Investments in government securities	1750
Shares and debentures of public companies	250
Loans and mortgages	2311

Prepare balance sheet of the company as on 31.03.2019 after providing for Income Tax Rs.10,00,000 and dividend Rs.50,000.

23. From the following particulars as on 31.03.2019 prepare the revenue account of National Insurance Company engaged in Marine insurance business:

Particulars	Direct Business	Reinsurance
1. Premium:		
Received	24,00,000	3,60,000
Receivable -01.04.2018	1,20,000	21,000
-31.03.2019	1,80,000	28,000
Premium paid	2,40,000	-
Payable -01.04.2018	20,000	-
-31.03.2019	42,000	-
2. Claims:		
Paid	16,50,000	1,25,000
Payable -01.04.2018	95,000	13,000
-31.03.2019	1,75,000	22,000
Received	-	1,00,000
Receivable -01.04.2018	-	9,000
-31.03.2019	-	12,000
3. Commission		
On insurance accepted	1,50,000	11,000
On insurance ceded	-	14,000
Other expenses and incomes:		

Salaries-2,60,000; Rent, rates and taxes-18,000; Printing and stationery-23,000; Income tax-2,40,000; Legal expenses (inclusive of 20,000 in connection with the settlement of claims)-60,000; Bad debt-5,000; Interest, dividend and rent-1,15,500. Income tax deducted at source-24,500; Double income tax refund -12,000; Profit on sale of motor car-5,000; Balance of Fund on 01.04.2018 was 26,50,000 including additional reserve of 3,25,00. Additional reserve has to be maintained at 5% of the net premium of the year.



24. The summarized Balance Sheet of Bhoom Ltd. as on 31st December 2015 is given below.

Liabilities	Amount	Assets	Amount
Share capital (100 each)	150000	Land & Building	175000
13% Debentures of Rs 10 each	75000	Plant and Machinery	46000
General Reserve	45000	Stock	51000
Profit and Loss Account	18000	Debtors	14500
Creditors	12500	Cash	14000
	300500		300500

Bhoom Ltd. is absorbed by Bheema Ltd. on 1st January 2016 with conditions such as all the assets and liabilities are taken over at book value, an exchange of six shares of Bheema Ltd. of Rs 10/- each at par for four shares in Bhoom Ltd. and 13% debentures are to be redeemed at a premium of 5%. Prepare the journal entries in the books of Bheem Ltd. and also close the books of Bhoom Ltd. The expenses of liquidation is paid by Bheem Ltd. amounting to Rs 2500/-.

25. Following is the Balance sheet of CALCIC Ltd. as at 31st March 2018:

Liabilities	₹	Assets	₹
Share Capital:		Fixed Assets:	
2,000 Equity Shares of ₹ 100 each ₹ 75 per share paid up	1,50,000	Land & Buildings	4,00,000
6,000 Equity shares of ₹ 100 each ₹ 60 per share paid up	3,60,000	Plant & Machineries	3,80,000
2,000 10% Preference Share of ₹ 100 each full paid up	2,00,000	Current Assets:	
Secured Loans:		Stock at cost	1,10,000
10% Debentures (having a floating charge on all assets)	2,00,000	Sundry Debtors	2,20,000
Interest accrued on Debentures (also secured as above)	10,000	Cash at Bank	60,000
		Profit & Loss A/c	2,40,000



Current Liabilities:	4,90,000		
Sundry Creditors			
	14,10,000		14,10,000

On that date, the company went into Voluntary Liquidation. The dividends on preference shares were in arrears for the last two years. Sundry Creditors include a loan of ₹ 90,000 on mortgage of Land & Buildings. Liquidator realised the assets as under:

Land & Buildings	₹ 3, 40,000
Plant & Machineries	₹ 3, 60,000
Stock	₹ 1, 20,000
Sundry Debtors	₹ 1, 60,000

Interest accrued on loan on mortgage of buildings up to the date of payment amounted to ₹ 10,000. The expenses of Liquidation amounted to ₹ 4,600. The Liquidator is entitled to a remuneration of 3% on all the assets realised (except cash at bank) and 2% on the amounts distributed among equity shareholders. Preferential creditors included in Sundry creditors amount to ₹ 30,000. All payments were made on 30th June 2018.

Prepare the Liquidator's Final Statement of Account.

(2×15=30)